

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 ISO-00 AF-10 ARA-10 EA-10 NEA-10
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NSAE-00 ICA-11 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01
OMB-01 L-03 H-01 NSC-05 SS-15 STR-07 CEA-01 PA-01
/149 R

TREASURY

DRAFTED BY TREAS:IDB:V.MCCUTCHEON
APPROVED BY ARA/ECP:SHROGERS
TREAS:I/IDN:F. MARESCA
TREAS:I/ID:A.NACHMANOFF
EB/IFD/O JONES
-----065774 270853Z /17
R 262210Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: ADB, IDB, SW

SUBJECT: BILATERAL WITH SWEDEN AT THE IDB MEETING

1. AT REQUEST OF SWEDEN, U.S. DELEGATION REPRESENTATIVES
NACHMANOFF AND MCCUTCHEON (TREASURY) MET IN VANCOUVER
APRIL 19 WITH UNDER SECRETARY OF STATE NORDENFALK, SKALA
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FROM MINISTRY FOR FOREIGN AFFAIRS AND DINKELSPIEL FROM
SWEDISH EMBASSY IN WASHINGTON. PURPOSE OF MEETING WAS TO
SEEK U.S. POSITION ON VARIOUS ISSUES RELATED TO THE
DEVELOPMENT BANKS.

2. U.S. POSITION IN REPLENISHMENT OF ASIAN FUND - SWEDISH
DELEGATION INQUIRED ABOUT U.S. POSITION FOR VIENNA MEETING
APRIL 22, AND STATED PREFERENCE FOR A LOWER FIXED CEILING
FOR THE REPLENISHMENT RATHER THAN HIGHER OPEN CEILING

SUGGESTED BY BANK. U.S. DELEGATION INDICATED U.S. POSITION WILL DEPEND ON FINAL CONSULTATIONS WITH CONGRESS BUT OUR CURRENT APPROACH IS TO TAKE A 22-24 PERCENT SHARE OF A REPLENISHMENT BETWEEN \$1.8 AND 2.0 BILLION. U.S. DELEGATION NOTED BANK'S TWO-TIER PROPOSAL WAS DESIGNED TO ENCOURAGE COUNTRIES (E.G., JAPAN) WHICH MIGHT BE IN POSITION TO CONTRIBUTE THEIR SHARE OF A \$2.15 BILLION TOTAL TO DO SO. WE PROBABLY WOULD NOT OBJECT TO A TWO-TIER PROPOSAL IF WORDING IS CLEAR THAT U.S. WOULD NOT BE EXPECTED TO

INCREASE ITS CONTRIBUTION IN SUCH AN ARRANGEMENT, BUT IF REPLENISHMENT TOTAL APPROACHES \$2.0 BILLION, TWO-TIER APPROACH PROBABLY WOULD BE UNNECESSARY.

3. VIETNAM - ON BEING QUESTIONED, U.S. DELEGATION INDICATED THE CONTINUING SENSITIVITY OF THIS ISSUE FOR THE U.S. AND STATED WE ARE HOPEFUL THAT THE BANK WILL CONTINUE TO INSIST THAT VIETNAM FULFILLS ALL CONDITIONS OF MEMBERSHIP AND MEETS ALL ITS OBLIGATIONS BEFORE REACTIVATING LOANS TO THE COUNTRY.

4. IDB ISSUES - SWEDEN ASKED WHAT THE U.S. SAW AS THE PRIMARY ISSUES IN THE BANK AND THE COMING REPLENISHMENT. THE U.S. REPRESENTATIVE ACKNOWLEDGED THAT THE U.S. HAS A LIMITED OFFICIAL USE

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HIGHER SHARE OF THE IDB THAN OF OTHER BANKS AND THIS CREATES DIFFICULTIES WHEN WE ARE UNABLE TO SECURE FUNDING FROM CONGRESS. THE U.S. HAS NO FIXED POSITION YET ON LEVEL OR SHARES OF THE REPLENISHMENT, BUT BELIEVES THE ORDINARY CAPITAL PROBABLY SHOULD RECEIVE RELATIVELY MORE EMPHASIS THAN THE FSO IN LIGHT OF THE LEVEL OF DEVELOPMENT IN MOST LATIN AMERICAN COUNTRIES. WE ALSO SUPPORT GREATER EMPHASIS ON LENDING TO THE POOREST SECTORS. THE U.S. HAS TRIED TO ENSURE THAT A MEXICAN PROPOSAL TO STUDY POLICIES AND FUNCTIONS OF THE BANK WILL NOT INHIBIT DISCUSSION OF ANY SUBJECT IN THE REPLENISHMENT DISCUSSIONS. THE SWEDISH DELEGATE INDICATED GENERAL AGREEMENT WITH U.S. VIEWS AS WELL AS WITH THE U.S. POSITION ON HUMAN RIGHTS. IN DISCUSSING THE HUMAN RIGHTS SITUATIONS IN CHILE AND ARGENTINA THE SWEDISH DELEGATION WONDERED IF THERE WERE SOME SPECIFIC ACTIONS WHICH WOULD TRIGGER POSITIVE CHANGE IN U.S. POSITIONS. U.S. DELEGATION NOTED WE DO NOT HAVE PRECISE FORMULA BUT WOULD BE LOOKING FOR CONTINUED REAL IMPROVEMENT.

5. ENERGY LENDING IN BANK - SWEDEN EXPRESSED INTEREST IN IDB LENDING FOR ENERGY DEVELOPMENT AND INDICATED A WILLINGNESS TO SHARE ITS EXPERTISE, PARTICULARLY IN WINDMILL TECHNOLOGY. VANCE

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